

MINUTES - CITY OF BEAUMONT

W.L. Pate, Jr., At-Large
Dr. Alan B. Coleman, Mayor Pro Tem
Audwin Samuel, Ward III
Tyrone E. Cooper, City Attorney

BECKY AMES, MAYOR
CITY COUNCIL MEETING
July 22, 2014
Kyle Hayes, City Manager

Gethrel Wright, At-Large
Michael D. Getz, Ward II
Jamie Smith, Ward IV
Tina Broussard, City Clerk

The City Council of the City of Beaumont, Texas, met in a regular session on **July 22, 2014**, at the City Hall Council Chambers, 801 Main Street, Beaumont, Texas, at 1:30 p.m. to consider the following:

OPENING

- * Invocation Pledge of Allegiance Roll Call
- * Presentations and Recognition
- * Public Comment: Persons may speak on scheduled agenda items 1-4/Consent Agenda
- * Consent Agenda

Mayor Ames called the council meeting to order at 1:30 p.m.

Chaplain Bob Webb with Baptist Hospital gave the invocation. Mayor Ames led the Pledge of Allegiance. Roll call was made by Tina Broussard, City Clerk.

Present at the meeting were Mayor Ames, Mayor Pro Tem Coleman, Councilmembers Getz, Wright, Pate, Samuel (arrived at 1:35 p.m.) and Smith. Also present were Kyle Hayes, City Manager; Tyrone Cooper, City Attorney; Tina Broussard, City Clerk.

Proclamations, Presentations, Recognitions

None

Public Comment: Persons may speak on scheduled agenda items 1-4/Consent Agenda.

None

CONSENT AGENDA

- * Approval of minutes - **July 15, 2014**
- * Confirmation of committee appointments - **None**
- A) Approve a three year contract with Cigna for Basic Life and Accidental Death and Dismemberment (AD&D), Supplemental Life and Accidental Death and Dismemberment (AD&D) and Dependent Life Insurance effective January 1, 2015 – **Resolution 14 - 156**
- B) Approve a change order to the contract with Insituform Technologies, LLC, related to the Karen Street Sanitary Sewer Rehabilitation – **Resolution 14 – 157**

- C) Authorize the City Manager to execute an Agreement for Transfer of Entitlements to the Texas Department of Transportation, Aviation Division, for FY2013 and FY2014 – **Resolution 14 - 158**

Councilmember Pate moved to approve the Consent Agenda. Councilmember Wright seconded the motion.

AYES: MAYOR AMES, MAYOR PRO TEM COLEMAN, COUNCILMEMBERS GETZ, WRIGHT, PATE, SAMUEL AND SMITH

NAYS: NONE

MOTION PASSED

GENERAL BUSINESS

1. Consider an ordinance authorizing the issuance of City of Beaumont, Texas, Waterworks and Sewer System Revenue and Refunding Bonds, Series 2014A, the issuance of City of Beaumont, Texas Waterworks and Sewer System Refunding Bonds, Taxable Series 2014B, and authorizing the City Manager and Chief Financial Officer to approve the amounts, interest rates, prices, and terms thereof for both series and to execute all documents related to the sale of the Bonds.

As presented in a work session on June 17, 2014, \$15.5 million is required to complete projects related to water and sewer infrastructure improvements that are currently under construction and design and \$3.5 million is needed to fund new clarifiers at the sewer treatment plant. In addition, there is an estimated \$63.9 million of outstanding revenue bonds that can be refunded in order to achieve a lower interest rate and savings.

Historically, when the City issued or refunded revenue bonds, the sale would take place on a Monday in order to bring the transactions forward at the City Council meeting the following day. With the quickly changing financial markets, the most favorable time to enter the market may not be the day before a City Council meeting. Instead the ability of a local government to time its entry into the financial markets and thereby obtain the best borrowing terms can significantly impact the borrowing costs. Section 1207.007 Texas Government Code allows a City to enter into the bond market at any time in accordance with parameters established and approved by the City Council. Through a parameter bond ordinance, a Council delegates final pricing authority to a Pricing Officer, usually the City Manager and/or City Manager's Designee, and establishes and approves bond sale parameters such as maximum interest rate, minimum savings threshold for refunding, maximum aggregate principal amount of issue, final maturity date and expiration of delegated authority which is normally six (6) months. The Pricing Officer can only approve the sale if all parameters are met. This results in flexibility such that the bond issue may be priced at any time and in an interest rate environment that is advantageous to the City rather than being locked into pricing on the date of the Council meeting.

The proposed parameters included in Section 5 of the proposed ordinance for Series 2014A and Series 2014B, as described above, includes:

Delegated Pricing Officers: City Manager and Chief Financial Officer
Maximum Principal Amount Series 2014A: \$75 million
Maximum Principal Amount Series 2014B: \$10 million

Interest Rate: Not greater than 6% per annum (Chapter 1204, Texas Government Code allows a rate of up to 15%)

Minimum Savings Threshold: 3% present value savings

Expiration of Parameter Authority: January 22, 2015

Interest will be payable semiannually in March and September.

Principal and interest is paid from the Water Utilities Fund which is supported by water and sewer revenues.

Councilmember Smith moved to **ADOPT AN ORDINANCE ENTITLED AN ORDINANCE AUTHORIZING THE ISSUANCE OF THE CITY OF BEAUMONT, TEXAS, WATERWORKS AND SEWER SYSTEM REVENUE AND REFUNDING BONDS, SERIES 2014A IN ONE OR MORE SERIES OR SUBSERIES AS MAY BE FURTHER DESIGNATED; AUTHORIZING THE ISSUANCE OF THE CITY OF BEAUMONT, TEXAS, WATERWORKS AND SEWER SYSTEM REFUNDING BONDS, TAXABLE SERIES 2014B IN ONE OR MORE SERIES OR SUBSERIES AS MAY BE FURTHER DESIGNATED; AUTHORIZING THE CITY MANAGER AND THE CITY'S CHIEF FINANCIAL OFFICER TO APPROVE THE AMOUNTS, INTEREST RATES, PRICES, AND TERMS THEREOF AND CERTAIN OTHER MATTERS RELATING THERETO; PROVIDING FOR THE PAYMENT THEREOF; MAKING OTHER PROVISIONS REGARDING SUCH BONDS INCLUDING AUTHORIZING THE PREPARATION AND DISTRIBUTION OF ONE OR MORE PRELIMINARY OFFICIAL STATEMENTS AND AUTHORIZING THE PREPERATION AND DISTRIBUTION OF ONE OR MORE OFFICIAL STATEMENTS AND MATTERS INCIDENT THERETO; AWARDING THE SALE OF THE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE BOND PURCHASE AGREEMENTS; AUTHORIZING THE DEFEASANCE, FINAL PAYMENT, AND DISCHARGE OF CERTAIN OUTSTANDING WATERWORKS AND SEWER SYSTEM REVENUE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE ESCROW AGREEMENTS; AUTHORIZING THE PURCHASE OF AND SUBSCRIPTION FOR CERTAIN ESCROWED SECURITIES; AUTHORIZING ESCROW VERIFICATION AND ENGAGEMENT OF AN ESCROW AGENT; AUTHORIZING BOND INSURANCE; AUTHORIZING THE EXECUTION AND DELIVERY OF A PAYING AGENT/REGISTRAR AGREEMENT AND OTHER RELATED DOCUMENTS; AND MAKING OTHER PROVISIONS REGARDING SUCH BONDS.** Councilmember Samuel seconded the motion.

AYES: MAYOR AMES, MAYOR PRO TEM COLEMAN, COUNCILMEMBERS GETZ, WRIGHT, PATE, SAMUEL AND SMITH

NAYS: NONE

MOTION PASSED

Ordinance 14 – 031

2. Consider a resolution authorizing the City Manager to execute an Earnest Money Contract for the sale of the Hotel Beaumont – **Tabled**

3. Consider a resolution authorizing the award of a bid to G & G Enterprises of Beaumont for the construction of the Hike & Bike Trail-Phase II.

On July 26, 2011, City Council approved a resolution authorizing the City Manager to execute a Local Transportation Project Advanced Funding Agreement with the Texas Department of Transportation (TxDOT) for the Hike & Bike Trail – Phase II project. The ten (10) foot wide concrete trail will be constructed within Drainage District No. 6 property and will extend 1.436 miles along the Drainage District's detention pond from Folsom to Metropolitan Drive. The trail will accommodate recreational activities such as walking, jogging, skating and cycling.

On Thursday, June 19, 2014 bids were solicited for furnishing all labor, materials, equipment and supplies for the construction of the Hike & Bike Trail – Phase II project.

To satisfy federal funding requirements, TxDOT will provide a letter of concurrence before final award is granted.

The Federal Highway Administration (FHWA) awarded \$661,134.00 for the project. Funds are available in the Capital Program for the difference.

Councilmember Getz moved to **APPROVE A RESOLUTION THAT THE CITY COUNCIL HEREBY APPROVES THE CONDITIONAL AWARD OF A CONTRACT TO G&G ENTERPRISES, OF BEAUMONT, TEXAS, IN THE AMOUNT OF \$724,000.01 FOR FURNISHING ALL LABOR, MATERIALS, EQUIPMENT AND SUPPLIES FOR THE CONSTRUCTION OF THE HIKE &BIKE TRAIL- PHASE II PROJECT PENDING TXDOT'S CONCURRENCE OF THE AWARD OF THE CONTRACT TO G&G ENTERPRISES.** Councilmember Smith seconded the motion.

AYES: MAYOR AMES, MAYOR PRO TEM COLEMAN, COUNCILMEMBERS GETZ, WRIGHT, PATE, SAMUEL AND SMITH

NAYS: NONE

MOTION PASSED

Resolution 14 - 159

4. Consider a resolution authorizing the City Manager to enter into a five-year agreement with Express Scripts, Inc., for Pharmacy Benefit Manager Services.

The current Pharmacy Benefit Manager contract with CVS Caremark ends December 31, 2014. In March 2014, City Staff requested proposals from pharmacy benefit managers. Seven (7) proposals were received and evaluated by an independent team of experts in this industry from Action Pharmaceutical Consulting, the City's benefits consultant, based on the following weighted qualitative criteria: Account Management, Adherence to the Request for Proposal, Customer Service, Implementation, Management Reports, Performance Guarantees, Price, and Value-Added Services. The three (3) finalist including CVS Caremark (incumbent), Express Scripts, Inc., and Script Care were interviewed by City Staff as well as representatives from Action Pharmaceutical Consulting and Holmes Murphy. Express Scripts offered the largest annual plan savings as compared to current pricing and scored the highest overall on the weighted qualitative evaluation.

The City's healthcare plan includes medical and pharmacy benefits. From FY 2012 through the current fiscal year, the City's healthcare costs have risen significantly which has put a strain on the Employee Benefits Fund. As the cost for medical treatment and medications rise, the City faces a challenge in providing the same level of benefits as in the previous years. Prescription drug benefits are provided to employees and qualifying dependents or 3,618 covered lives. The City's annual prescription drug plan cost was \$2.6 million in 2013 and is projected to be \$2.7 million in 2014. Based on existing pricing and utilization, the cost would have been estimated at \$3.3 million in 2015. The pricing structure proposed by Express Scripts projects an annual plan cost in 2015 of \$2.7 million or more than \$600,000 in savings compared to the amount projected for 2015. This is compared to an estimated \$535,000 and \$448,000 in savings from CVS Caremark and Script Care, respectively. Savings is a result of discounts and rebates offered by the company. In addition, Express Scripts offers an allowance to be used over the five year contract for expenditures related to managing the pharmacy benefit. This allowance is five times that of Script Care. CVS Caremark as the incumbent does not have an allowance.

Specialty pharmacy drugs treat cancer, hepatitis, multiple sclerosis, rheumatoid arthritis, HIV, and major cardiovascular conditions and cost the City approximately \$500,000 each year for the last two years which equates to approximately 14% of overall pharmacy costs being generated by less than 1% of the total members. Industry projections indicate specialty medications will continue to rise and consume 40% of pharmacy costs by 2018. Due to the large number of lives serviced by Express Scripts, the company has buying power when negotiating pricing with specialty drug manufacturers ultimately reducing the costs incurred by the City's plan.

Employees will have access to Express Scripts' member website and mobile application as well as over 5900 experienced and highly trained patient care advocates in ten (10) call centers available 24/7 with 96.3% first-call resolution. In addition, pharmacists are available to members 24/7.

The drug plan design for City employees will remain the same in 2015. The pharmacy network will remain the same with Express Scripts with minimal disruption to members. Employee Benefits Fund.

Councilmember Pate moved to **APPROVE A RESOLUTION THAT THE CITY MANAGER BE AND HE IS HEREBY AUTHORIZED TO EXECUTE A FIVE (5) YEAR AGREEMENT WITH EXPRESS SCRIPTS, INC., OF ST. LOUIS, MISSOURI, AS THE CITY'S PHARMACY BENEFIT MANAGER (PBM)**. Councilmember Smith seconded the motion.

AYES: MAYOR AMES, MAYOR PRO TEM COLEMAN, COUNCILMEMBERS GETZ, WRIGHT, PATE, SAMUEL AND SMITH

NAYS: NONE

MOTION PASSED

Resolution 14 – 160

COUNCILMEMBER COMMENTS

MAYOR PRO TEM COLEMAN -

NONE

COUNCILMEMBER GETZ -

ANNOUNCED CONCERTS IN THE PARK ON SATURDAY, JULY 26, 2014 AT ROGERS PARKS FROM 3:00 P.M. TO 9:00 P.M., THE DOWLEN WEST NEIGHBORHOOD ASSOCIATION WILL HAVE A BOOTH SETUP AT THE CONCERT, THEY WILL BE ACCEPTING DONATIONS TO PURCHASE SCHOOL SUPPLIES FOR THE TEACHERS AND STUDENTS OF BISD, HOPES THAT ALL CITIZENS WILL COME OUT AND ENJOY THE FESTIVITIES

COUNCILMEMBER WRIGHT -

STATED THAT A LOT OF THE LOWER INCOME ELDERLY CITIZENS HAVE BEEN TAKEN ADVANTAGE OF THROUGH PREDATORY LENDING PAY DAY LOAN ORGANIZATIONS, ASKED IF A WORKSHOP COULD BE HELD TO SEE IF AN ORDINANCE COULD HELP WITH THIS PROBLEM

COUNCILMEMBER PATE -

COMMENTED ON THE PAY DAY LOANS, STATED THAT TML HAS COVERED THIS IN THEIR LEGISLATIVE PROGRAMS

COUNCILMEMBER SAMUEL -

NONE

COUNCILMEMBER SMITH -

WISHED COUNCILMEMBERS GETZ, WRIGHT AND PATE A HAPPY BIRTHDAY, THEY ALL ARE CELEBRATING BIRTHDAYS IN JULY

CITY ATTORNEY COOPER -

NONE

CITY MANAGER HAYES -

NONE

MAYOR AMES -

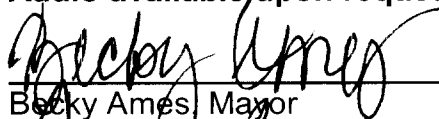
COMMENTED ON THE CHARLTON POLLARD MASS REUNION THAT TOOK PLACE ON LAST THURSDAY, ENJOYED GIVING THE WELCOME AT THAT EVENT


Public Comments (Persons are limited to three minutes)

None

With there being no Executive Session, Council adjourned at 2:45 p.m.

Audio available upon request in the City Clerk's Office.


Becky Ames, Mayor


Tina Broussard, City Clerk

